



Tax Incentives & Facilities for the Services Sector

MIA Merger & Affiliation Seminars 2012



Current Role of MIDA in the Services Sector

ROLE OF MIDA IN THE SERVICES SECTOR

- **First point of contact for information on services sector;**
- **Identify and coordinate the promotion of investment for specific services activities;**
- **Recommend appropriate policies and incentives to relevant ministries/agencies;**
- **Assist investors in the implementation of projects; and**
- **Collate statistics on investments in services sector.**



Promoted Activities in the Services Sector

Promoted Services Activities

Tourism

Hotel

Tourist project

Recreational camp

Convention centre

Business & Other Support Services

Research & Development (R&D)

Irradiation & Gas Sterilisation

Testing for Industrial Devices

Central Utility Facilities

Industrial Design *

Logistics

Integrated Logistics
Services

Cold Chain Facilities

Regional Establishments

Operational Headquarters (OHQ)

International Procurement Centre (IPC)

Regional Distribution Centre (RDC)

Treasury Management Centre (TMC) *

Promoted Services Activities

Healthcare Travel *

Private hospitals
Ambulatory care centres

Education

Technical, Vocational & Science
Training Institutions
International / Private Schools *

Environmental Management

Renewable Energy
Energy conservation/efficiency
Storage, treatment and disposal of hazardous waste
Recycling of agricultural waste and agricultural by-products



MAJOR INCENTIVES / FACILITIES PROVIDED

MAJOR INCENTIVES/FACILITIES PROVIDED

- **Pioneer Status - partial or full income tax exemption for a period of 5 or 10 years**
- **Investment Tax Allowance (ITA) of 60% or 100% on qualifying capital expenditure for a period of 5 or 10 years**
- **Customised incentives**
 - **Tax and non-tax incentives according to the wish list of investors and based on the merit of the case**
- **Exemption from import duty and sales tax on imported machinery, equipment, materials, components, spare parts/replacement parts and consumables**
- **Expatriate Posts**



Updates / New Developments

Healthcare Travel

- Tax incentive is given to private hospitals and ambulatory care centres.
- Incentive:
Income tax exemption equivalent to ITA of 100% on qualifying capital expenditure incurred within a period of 5 years. The allowance can be used to offset against 100% of the statutory income for each year of assessment.
- Any unutilised allowance can be carried forward to subsequent years until fully utilised.



Healthcare Travel

MAIN REQUIREMENTS

- **Registered with the Malaysia Healthcare Travel Council (MHTC)**
- **Obtained approval for establishment/expansion from the Ministry of Health (MOH)**
- **Obtained relevant operating licence from MOH**

(For applications received by MIDA from 1 January 2010 to 31 December 2014)

International / Private Schools

- Tax incentive is given to international/private schools registered by the Ministry of Education (MOE)
- Incentive
 - i. Non-profit oriented private or international schools
 - ❑ 100% income tax exemption on the income received from the management of a school

(application to be submitted to Inland Revenue Board)



International / Private Schools

ii. Profit oriented private schools

- Income tax exemption of 70% for 5 years; or
- Income tax exemption equivalent to ITA of 100% on qualifying capital expenditure incurred within a period of 5 years. The allowance can be used to offset against 70% of statutory income for each year of assessment.

(for application received by MIDA from 8 October 2011 to 31 December 2015)

International / Private Schools

iii. Profit oriented international schools

- Income tax exemption of 70% for 5 years; or
(for application received by MIDA from 8 October 2011 to 31 December 2015)

- Income tax exemption equivalent to ITA of 100% on qualifying capital expenditure incurred within a period of 5 years. The allowance can be used to offset against 70% of statutory income for each year of assessment.
(for application received by MIDA from 14 July 2010 to 31 December 2015)

Industrial Design

- Tax incentive is given to companies providing industrial design services to unrelated clients



- Incentive

Pioneer Status with tax exemption of 70% on statutory income for a period of 5 years

(For application received by MIDA from 8 October 2011 until 31 December 2016)



Industrial Design

Main Requirements

- **Register with the Malaysia Design Council (*Majlis Rekabentuk Malaysia*, MRM)**
- **The industrial design services are meant for mass production**
- **New design companies must employ at least 50% Malaysian designers**
- **Existing design companies must upgrade design facilities (at least 50% increase in capex) and employ additional 50% Malaysian designers**



Thank You

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